

**STATEMENT OF BRIANNE OGILVIE
ASSISTANT DEPUTY UNDER SECRETARY FOR POLICY & OVERSIGHT
VETERANS BENEFITS ADMINISTRATION (VBA)
DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
U.S. HOUSE OF REPRESENTATIVES
PENDING LEGISLATION**

March 16, 2022

Chairman Levin, Ranking Member Moore and other Members of the Subcommittee, thank you for inviting us here today to present our views on bills that would affect VA programs and services. Joining me today are Ricardo Da Silva, Program Integration Officer, Education Service, VBA, and Monica Diaz, Executive Director, Homeless Programs, Veterans Health Administration (VHA).

H.R. 6458 Elimination of Requirement to Specify the Effective Period for Transfer of Education Benefits

H.R. 6458 would remove the requirement in 38 U.S.C. § 3319(e)(3) that an individual transferring entitlement to Post-9/11 GI Bill benefits to a dependent specify the period for which the transfer will be effective.

VA supports this bill as it would eliminate the need for a Service member to decide the timeframe for a dependent to use transferred entitlement and prevent the negative impact of certain decisions.

There would be no costs associated with this bill.

H.R. 6604 Veterans Eligible to Transfer School (VETS) Credit Act

H.R. 6604, the "Veterans Eligible to Transfer School (VETS) Credit Act," would amend 38 U.S.C. § 3699(c)(2)(A) to add a requirement that an individual certify in writing that the individual has transferred fewer than 12 credits from a closed or disapproved program of education and to acknowledge in writing that, if the individual transfers more than 12 credits, the individual may not be deemed to be an individual who did not receive such credits for the purpose of payment of educational assistance when the individual was unable to complete a course or program because the school closed or the course was disapproved. In addition, the amendment would require VA to provide a certificate of eligibility to individuals who make the required certification and acknowledgement and to notify individuals who are covered by the amendment.

VA does not support this bill because schools are already required to report this information to VA, which eliminates the need for attestation from the student. Additionally, this bill could lead to additional overpayment of education benefits based

on intentionally or unintentionally inaccurate information self-reported by the student and would increase the potential for fraud.

H.R. XXXX Permanent Authority for Educational Assistance Benefits During Emergency Situations

This unnumbered bill would amend 38 U.S.C. chapter 36 to add a new subchapter, which would contain a consolidation of the authorities that provide for educational assistance benefits when there have been changes to courses of education or an individual's ability to pursue a course of education because of emergency situations and would repeal the following provisions of law that currently provide for educational assistance benefits in such circumstances:

- P.L. 116-315 (Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020), sections 1102, 1103, 1104, 1105. (Note: Section 7(b) of this bill repeals section 1105 of P.L. 116-315, but it should repeal section 1106 of P.L. 116-315.);
- P.L. 116-128 (To authorize the Secretary of Veterans Affairs to treat certain programs of education converted to distance learning by reason of emergencies and health-related situations in the same manner as programs of education pursued at educational institutions, and for other purposes); and
- P.L. 116-140 (Student Veteran Coronavirus Response Act of 2020), sections 3, 4, 5, 6 and 8.

Section 2 of the bill would add new sections 3601 through 3605, which would contain a definition of "emergency situation" in new section 3601 and would include provisions substantively similar to current sections 1102, 1103 and 1104 of P.L. 116-315 in new sections 3602, 3604 and 3605, respectively, and provisions substantively similar to P.L. 116-128 in new section 3603.

The new section 3601 would define the term "emergency situation" as a situation that the President declares is an emergency and that VA determines is an emergency for purposes of laws administered by VA.

The new section 3602 would allow for the continuation of VA educational assistance benefits, including monthly housing stipends under chapter 33 and other payments or subsistence allowances under chapters 30, 31, 32, 33, or 35 of title 38, or chapter 1606 of title 10, for up to 4 weeks if VA determines a student was negatively affected by an emergency situation. An educational institution or training establishment must certify that a student was negatively affected by an emergency situation before VA can pay benefits. Any emergency benefit payments would not count against a student's entitlement if the student did not earn credits for completing the program of education.

New section 3603 would authorize VA to continue to provide educational assistance benefits, including monthly housing stipends and subsistence allowances,

for pursuit of programs of education that are converted to distance learning programs because of an emergency or health-related situation.

The new section 3604 would ensure that, if an educational institution closes, cancels training, or has training disapproved due to an emergency situation, and an individual was unable to complete a course or program and did not receive credit or lost training time, payment of educational assistance under chapters 30, 31, 32, 33, or 35 of title 38, or chapter 1606 of title 10 will not be charged against an individual's entitlement or be counted against the aggregate period that limits the receipt of educational assistance. Also, this new section would allow an enrolled student to continue in a disapproved program if the disapproval is due to a modification of a course due to an emergency situation, and VA determines that continuing pursuit would be in the best interest of the student. In addition, under this new section, VA would be required to continue to treat a student who was enrolled full-time at the start of an emergency situation as being enrolled full-time for the purpose of calculating monthly housing stipends under chapter 33 or subsistence allowances under chapter 31 for subsequent periods of enrollment, even if a student is enrolled part-time due to course cancellations resulting from the emergency situation. VA would also be required to provide notice to students regarding school closures and the effect of the closure on entitlement.

New section 3605 would require VA to consider a student's withdrawal from a program of education or a training program during and because of an emergency situation to be due to a mitigating circumstance.

VA supports section 2 of this bill. Mandatory costs associated with section 2 are estimated to be \$94,990 in 2022, \$2.5 million over five years, and \$7.8 million over ten years.

Section 3(a) of this bill would add a new subsection to 38 U.S.C. § 3031 requiring VA to extend the 10-year expiration date for the use of entitlement for an individual receiving benefits under chapter 30 (Montgomery GI Bill) if the individual is prevented from pursuing a program of education because the educational institution or training establishment closed (temporarily or permanently) under an established policy based on an Executive Order of the President or due to an emergency situation. The extension would be for the period the individual was prevented from pursuing a program of education under the Montgomery GI Bill.

Section 3(b) would amend 38 U.S.C. § 3321(b)(1) to require VA to extend the 15-year expiration date for the use of entitlement by a spouse or child receiving benefits under chapter 33 (Post-9/11 GI Bill) and the Fry Scholarship if the spouse or child is prevented from pursuing a program of education because the educational institution or training establishment closed (temporarily or permanently) under an established policy based on an Executive Order of the President or due to an emergency situation. The extension would be for the period the spouse or child was prevented from pursuing a program of education under the Post-9/11 GI Bill. Additionally, section 3(b) would amend 38 U.S.C. § 3319(h)(5) to extend the 15-year expiration date for an individual

using transferred benefits under the Post-9/11 GI Bill if the individual is prevented from pursuing a program of education before age 26 because the educational institution or training establishment closed (temporarily or permanently) under an established policy based on an Executive Order of the President or due to an emergency situation. These extensions would be for the period the spouse or child or transferee was prevented from pursuing a program of education under the Post-9/11 GI Bill.

Section 3(c) would amend 38 U.S.C. § 3103 to require VA to extend the 12-year period of eligibility for benefits under 38 U.S.C. chapter 31 for the length of time that an eligible individual is prevented from participating in a vocational rehabilitation program because of an Executive Order of the President or due to an emergency situation. Section 3(c) would also amend 38 U.S.C. § 3105(b) to require VA to extend the period of an individual's vocational rehabilitation program or the period for providing counseling and placement and postplacement services under 38 U.S.C. § 3104(a)(2) and (5) for the number of months that the individual is prevented from participating in the vocational rehabilitation program or from receiving counseling and placement and postplacement services because of an Executive Order of the President or due to an emergency situation.

Section 3(d) would amend 10 U.S.C. § 16133(b) to require the Secretary of the applicable military department to extend the period of entitlement to educational assistance of a member of the Selected Reserve under 10 U.S.C. chapter 1606 for the number of months that the reserve member is prevented from using his or her entitlement because of an Executive Order of the President or due to an emergency situation.

VA supports section 3 of this bill. Mandatory costs associated with section 3 are estimated to be \$0 in 2022, \$506,680 over five years, and \$1.4 million over ten years.

Section 4 would amend 38 U.S.C. § 3104 to authorize VA to pay an additional 2 months of subsistence allowance under 38 U.S.C. § 3108 for full-time training for the type of program a Veteran is pursuing if the Veteran is satisfactorily following a program of employment services under 38 U.S.C. § 3104(a)(5) during an emergency situation. As drafted, this section would allow VA to make the two additional payments to all Veterans regardless of whether they are negatively affected by an emergency situation.

VA would support this section if it were amended to include language requiring VA to make the additional two payments only if VA determines that an individual is negatively affected by an emergency situation. Mandatory costs associated with the current language in section 4 are estimated to be \$10.1 million in 2022, \$155.0 million over five years, and \$380.4 million over ten years.

Section 5 would amend 38 U.S.C. § 3485 to authorize VA to continue to pay work-study allowances under section 3485(a)(3) to individuals who are unable to continue to perform qualifying work-study activities because of an emergency situation in an amount not to exceed the amount payable under section 3485(a)(2) for working 25

hours per week. In addition, if an individual requests, VA would be required to extend a work-study agreement that is initiated during the emergency situation for a subsequent period of enrollment for these individuals who are unable to perform work-study activities because of the emergency situation.

VA supports section 5 of this bill. No mandatory costs are associated with section 5.

Section 6 would add a new subsection (h) to 38 U.S.C. § 3680 authorizing VA to continue paying allowances for up to 4 weeks to an eligible Veteran or person enrolled in a program or course of education at an institution that is closed or a program or course that is suspended due to an emergency situation. The amounts paid would not be counted for purposes of the limitation on allowances in 38 U.S.C. § 3680(a)(2)(A).

VA supports section 6 of this bill. Mandatory costs associated with section 6 are estimated to be \$242,434 in 2022, \$3.5 million over five years, and \$8.5 million over ten years.

Section 7 would amend 38 U.S.C. § 3687(e) to require VA to proportionately reduce the entitlement chargeable for any month in which an individual fails to complete 120 hours of apprenticeship or on-job training. If an individual is unemployed during any month, VA would be required to proportionately reduce the 120-hour requirement to reflect the individual's period of unemployment but could not reduce the monthly training assistance. If an individual is unemployed, VA could not charge entitlement or count the period of unemployment against the aggregate entitlement limitation in 38 U.S.C. § 3695. Furthermore, VA could not charge entitlement or count the period of unemployment against the aggregate entitlement limitation in 38 U.S.C. § 3695 for any reduction in the amount of entitlement.

In the case of an individual who fails to complete 120 hours of training during a month but who completed more than 120 hours of training during the preceding month, the individual could apply the number of hours in excess of 120 completed for that prior month to the month for which the individual failed to complete 120 hours. If the addition of such excess hours results in a total of 120 hours or more, VA would be required to treat the individual as an individual who has completed 120 hours of training for that month. Any excess hours could only be applied to one such month.

Additionally, this section would clarify that the term "unemployed" includes being furloughed or being scheduled to work zero hours and that the term "fails to complete 120 hours of training" means completion of at least 1 hour, but fewer than 120 hours of training.

VA would support section 7 of this bill, if amended. As written, section 7 would not limit "unemployment" to "unemployment due to an emergency situation." Without such limitation, full-time benefit payments would continue indefinitely while individuals accrue zero hours of work experience, since no entitlement would be charged for

payments made during a period of unemployment. Therefore, VA recommends amending this section 7 to limit unemployment to that due to an emergency situation. Mandatory costs associated with the current language in section 7 are estimated to be insignificant at \$0 in 2022, \$47,983 over five years, and \$108,656 over ten years.

Section 8 would amend 38 U.S.C. § 3699(b)(1) to prevent a charge against entitlement for individuals in pursuit of a course or program of education at an educational institution under chapter 30, 31, 32, 33 or 35 of title 38 or chapter 1606 or 1607 of title 10 if the educational institution or training establishment was required to temporarily close or terminate a course or program of education by reason of an emergency situation.

VA supports section 8 of this bill. Mandatory costs associated with section 8 are estimated to be \$0 in 2022, \$859,555 over five years, and \$2.4 million over ten years.

VA also has some technical concerns with the bill language and is available for additional follow-up on these at the request of the Subcommittee.

There would be no discretionary costs associated with this bill.

H.R. XXXX Requirements for Approval/Disapproval of Education Courses

This unnumbered bill would amend 38 U.S.C. §§ 3675 and 3676 to add requirements relating to quality of classroom instruction, qualifications of faculty and the financial success of graduates for approving accredited and nonaccredited courses of education. As a condition for approval, the educational institution would be required to spend at least half of the amount of funding it collects as tuition on classroom instruction and faculty members and instructors employed by the educational institution or training facility would be required to hold certain credentials or meet minimum qualifications. In addition, the bill includes requirements for approval that involve graduates' salaries, licensing examination passing rates and student loan delinquency and default rates during the first 5 years after an individual completes a course of education. The bill would also require the educational institution to ensure that its employees act as a fiduciary when providing information to prospective or enrolled student Veterans about enrolling at the institution. Some of the approval requirements would require VA to track the amount of funds a school collects in tuition and spends on classroom instruction. While VA has access to student records, it would need access to the institution's financial records to monitor compliance with the new approval requirements.

The bill would also amend 38 U.S.C. § 3679 to add circumstances for disapproving courses of education, including circumstances relating to the Department of Education's heightened cash monitoring program, adverse actions taken by certain Government agencies, or threatening behavior against an eligible Veteran or student. While the bill provides some examples of adverse actions taken by government agencies that would require disapproval of the educational institution's courses, it would be helpful if the law contained a comprehensive list of adverse actions or if it included a

definition of “adverse action.” Moreover, while one listed example of an adverse action taken by a government agency that would require disapproval is a “punitive action,” it would be helpful if the bill defined “punitive action.” With regard to another listed example of an adverse action, the loss or risk of loss of accreditation, as such action may not come with much warning for the student, VA is concerned that it would have a dramatic and immediate impact on enrolled students and could cause certain students to stop programs and transfer schools even though no negative action may be taken regarding accreditation. Thus, VA recommends the bill be amended so that disapproval in cases of loss or risk of loss of accreditation will affect only students not already enrolled in a program of education.

VA would support this bill if amended as recommended. VA also has several technical concerns and would be happy to follow up on these at the request of the Subcommittee.

There would be no costs associated with this bill.

H.R. XXXX Expansion of Eligibility for VR&E Self-Employment Assistance

This unnumbered bill would amend 38 U.S.C. § 3104(a)(12) to allow for the payment of license fees and the provision of equipment and supplies for all Veterans who qualify for benefits under 38 U.S.C. chapter 31, rather than limiting payment to Veterans with the most severe service-connected disabilities who require homebound training or self-employment, or both. However, the bill would require prioritizing the payment of fees and provision of equipment and supplies for Veterans with the most severe service-connected disabilities who require homebound training or self-employment, or both.

Assuming appropriations are made available, VA supports the efforts to expand eligibility for self-employment assistance. VA also has technical concerns with the bill language and would be happy to follow up on these at the request of the Subcommittee.

There would be no discretionary costs associated with the proposed legislation. VA is assessing the mandatory costs associated with the proposed legislation.

H.R. XXXX Quality Education for Veterans Act of 2022

Section 2 of the “Quality Education for Veterans Act of 2022” would add a new section 3672A to 38 U.S.C. chapter 36 to require educational institutions or training establishments to use a uniform application for approval of new courses of education beginning October 1, 2023. The uniform applications that VA and State Approving Agencies (SAA) maintain would have to contain attestations about compliance with VA approval requirements, adverse actions against the educational institution or training establishment and contracts with parties that may have been subject to adverse actions. They would also have to contain a requirement for the inclusion of a copy of certain documents (articles of incorporation, financial position) and information about the course(s) of education covered by the application. With respect to educational

institutions and training establishments that are not institutions of higher learning, the uniform application would have to contain information about the instructors and career services employees and their respective qualifications. Section 2 would also require VA or the SAA to contact the Department of Education during the approval process for information about withdrawals, denials, or suspensions under title IV of the Higher Education Act of 1965.

VA supports section 2 of this bill but has concerns. As written, this section has a limit of two types of applications—one for institutions of higher learning and one for other educational institutions and training establishments. Because the approval criteria differ significantly for different types of training programs, such as non-college degree, on-the-job training and apprenticeship programs, vocational flight training and correspondence training, VA recommends the bill be amended to account for the various types of programs or allow VA discretion to determine the number of uniform application types to use. Also, it is unclear how the requirement to include in the application a copy of the articles of incorporation, financial position, number of students who graduate and cohort default rate is connected to the approval process. While schools would be required to provide this information, VA, or the SAA, does not have legislative authority to take any approval action based on this information.

Section 3 of this bill would amend 38 U.S.C. §§ 3673A and 3693 to require no more than 1 day of notice to an educational institution before conducting a targeted risk-based survey and a maximum of 7 days of notice to an educational institution or training establishment before conducting a compliance survey.

While VA supports section 3, VA has several technical comments regarding this section and would be happy to follow up on these at the request of the Subcommittee.

There would be no costs associated with this bill.

H.R. XXXX Electronic Fund Transfer to Foreign Institutions

This unnumbered bill would require VA to update its payment system to allow for electronic fund transfer of educational assistance to foreign institutions of higher education that provide an approved course of education and do not have an employer identification number or an account with a domestic bank.

VA does not support this bill because it would cause significant disruption to the Digital GI Bill (DGIB) effort. VA is working with the Department of the Treasury on a solution that would enable international direct deposit payments to both foreign educational facilities and foreign-based student Veterans.

This bill would require VA to update its payment system not later than 90 days after the date of enactment. This timeframe would not be sufficient to make the necessary changes to the payment systems and to the system that stores school approval information and payment addresses. Accommodating these changes would

require reprioritization of DGIB requirements, which would cause delays in achieving the level of automation and customer facing self-service features to which VA has committed.

H.R. XXXX Veterans Health Transition Training Act

The “Veterans Health Transition Training Act” would amend 10 U.S.C. § 1142, which requires the Secretary concerned (meaning the Secretary of the Army, Navy, Air Force, or Homeland Security, as applicable) to provide Service members who are being discharged or released with pre-separation counseling. The draft bill would amend section 1142 to require the counseling be prepared for male Service members, female Service members, LGBTQ+ Service members and other categories of Service members the Secretary concerned determines appropriate; Service members would be able to elect which counseling to receive. This counseling would have to be provided before the Service member separates from service. Section 1142 currently requires each Secretary concerned, in consultation with VA and the Department of Labor, to establish at least three pathways for Service members to receive individualized counseling. The draft bill would require the Secretaries concerned to design the pathways to address the Service members’ needs based on the additional following factors: the Service member’s potential or confirmed medical discharge, the Service member’s potential or confirmed involuntary separation, the Service member’s child care requirements, the employment status of other adults in the Service member’s household, the location of the Service member’s duty station, the effects of operating tempo and personnel tempo on the Service member and the Service member’s household and whether the Service member is an Indian or urban Indian, as those terms are defined in section 4 of the Indian Health Care Improvement Act (P.L. 94-437; 25 U.S.C. § 1603).

While VA generally supports efforts to assist Service members and Veterans during their transition process, we defer to the Departments of Defense and Homeland Security on this draft bill. We look forward to continuing our collaboration with the other involved departments on this bill and the Committee.

H.R. XXXX Permanently Authorizing the Use of Certain Funds to Improve Flexibility in the Provision of Assistance to Homeless Veterans

This unnumbered bill would add a new section 2068 to title 38, U.S.C., to allow VA to use amounts appropriated or otherwise made available to carry out sections 2011, 2012, 2031, or 2061 to provide certain assistance to homeless Veterans participating in programs under those sections and under the Department of Housing and Urban Development-VA Supportive Housing (HUD-VASH) program. The assistance authorized under proposed section 2068(a) would include assistance required for the safety and survival of the Veteran (such as food, shelter, clothing, blankets and hygiene items), transportation required to support the stability and health of the Veteran (such as transportation for appointments with service providers, the conduct of housing searches and the obtainment of food and supplies), communications equipment and services (such as tablets, smartphones, disposable phones and related service plans) required

to support the stability and health of the Veteran (such as through the maintenance of contact with service providers, prospective landlords and family members) and such other assistance as VA determines necessary.

Proposed section 2068(b) would authorize VA to collaborate, to the extent practicable, with one or more organizations to manage the use of VA land for homeless Veterans for living and sleeping. This collaboration could include the provision, by either VA or the head of the organization concerned, of food services and security of property, buildings and other facilities owned or controlled by VA.

This bill would effectively replicate the authority granted under section 4201 of P.L. 116-315 but would remove the limitation related to the period during the covered public health emergency. We strongly support this legislation.

The total estimated cost over a 5-year period is approximately \$53,679,944; and the estimated cost over a 10-year period is approximately \$118,676,411. This cost is based on actual expenditures to date. This legislation will improve flexibility to appropriate funds to provide assistance to homeless Veterans, to include emergency services to Veterans beyond the public health emergency.

H.R. XXXX Making Certain Improvements to HUD-VASH

Section 1 of this unnumbered bill would amend 38 U.S.C. § 2003(b) to clarify that only Veterans who require case management would be assigned to, and be seen as needed by, a case manager. This change could also affect the number of VHA case managers that would be required.

We support this section, which would provide more flexibility to VA and HUD in the administration of the HUD-VASH program and would significantly improve voucher utilization rates in the program by reducing the time it takes for a Veteran to qualify for a voucher because a case manager may not need to be assigned.

Section 2 of this unnumbered bill would amend 42 U.S.C. § 1437f to remove the requirement that Veterans have chronic mental illnesses or chronic substance use disorders to qualify for HUD-VASH vouchers; instead, Veterans would only need to be homeless, formerly homeless, or at risk of homelessness to qualify. Similar to changes made by section 1 of the draft bill, the HUD-VASH program would provide case management and Veterans would have to agree to receive such case management if the Veteran is determined to require case management.

We support this section, which would allow more Veterans to benefit from the HUD-VASH program. We also appreciate the flexibility to ensure that case management services are focused on those Veterans with greatest need. This would allow VA to tailor services more specifically to the unique needs of Veterans, particularly those who continue to need a housing voucher but who have become stable such that case management services are no longer required. This section also expands HUD-VASH eligibility to formerly homeless Veterans and those at risk of homelessness. This

expansion would allow Veterans who are housed with a non-HUD-VASH subsidy to be transferred to HUD-VASH, where they can receive VA case management and supportive services if needed. The net effect of this change is that it would ensure Veterans have access to the care they need, while also freeing up a housing voucher for other members of the public.

We estimate this draft bill would not result in any new costs to VA.

H.R. XXXX VA Home Loan Transparency and Consumer Protection Act of 2022

The “VA Home Loan Transparency and Consumer Protection Act of 2022” would require VA to collect additional home loan data and make it publicly accessible on VA’s website. The purpose would be to enhance transparency and consumer protection oversight with respect to the housing loan activities of VA. VA strongly supports and is fully committed to promoting transparency and consumer protection oversight for Veterans as it relates to the VA home loan program. VA cannot support the bill, however, unless it is amended.

Section 2 of the bill would require VA to publish, in a specific format and using specific enhanced data standards, data collected on loans guaranteed by VA. Under section 2(a), VA would be required to publish, on a quarterly basis, the number of loans guaranteed, the aggregate amount of such loans and a variety of loan characteristics expressed in terms of the mean loan. Section 2(b) would require VA to categorize the data in the aggregate, by loan type, by race and ethnicity of applicants and by any successor VA loan program. Section 2(c) would require VA, to the extent reasonable and practicable, to incorporate widely accepted, common data elements as specifically set forth in the bill.

VA is concerned that if section 2 of the bill were enacted as drafted, VA would be required to publish the data without allowing for proper appropriate statistical analysis and context. The failure to control for factors such as credit risk and various loan characteristics can lead to erroneous assumptions. VA has found, for example, that a simple means comparison might lead to the label of a predatory loan, but a statistically controlled analysis of the same loan would show the label as wrongly earned. Similarly, certain data elements, such as an isolated average total loan cost or total points and fees, provide little useful information to Veterans or the public. Housing is a hyper-local commodity and presenting a total-cost metric often results in the loss of important variances in regional and local markets. In short, data and information are not the same, but are often misconstrued to be, and without proper context and controls, the data would potentially be subject to misinterpretation, misuse, or both.

Given the potential for the out-of-context data to be misleading or misinterpreted, VA believes section 2 could lead to a decrease in participation in VA’s program. It is important to remember that, unlike the Government’s share of the risk in some other Federal housing loan programs, VA’s guaranty is generally limited to 25% of the loan amount. This means lenders bear most of the risk in VA’s home loan program. It also

means that the singling out of VA under this bill could lead even scrupulous lenders to focus on other lending portfolios rather than risk reputational damage that can come from misinterpretations drawn from the data VA would be required to collect and publish.

VA does not yet have the capability of collecting some of the required data elements. Although VA is implementing a multi-year development plan to expand its technological capabilities to collect more, the collection of certain data will likely continue to be unavailable for some time or will require VA to create new loan processes that could create additional burdens and costs for Veterans and other participants. For example, VA, like other Federal housing agencies, does not require appraisals for streamline refinance loans (i.e., interest rate reduction refinancing loans (IRRRL) in VA's program). Because of this, VA would be unable to report the average loan-to-value ratio for IRRRLs without first making changes to its existing policies and processes (e.g., introducing appraisals as a requirement to the IRRRL program). This would be a direct cost to a Veteran and is another factor that could decrease participation in the program, particularly since other loan programs would not be subject to the same requirements.

Another concern is that it is not clear to VA how to reconcile certain elements of section 2(c) with other Federal collection and reporting requirements, such as those issued by the Office of Management and Budget and the Consumer Financial Protection Bureau (CFPB). Although VA would only be required to apply subsection (c) "to the extent reasonable and practicable," VA would appreciate the opportunity to work with the Subcommittee to better understand the intent and to help further the goals of enhanced transparency and consumer protection oversight.

VA has no objection to section 3 but recommends that the Subcommittee consider consolidating VA's requirements for annual reporting on consumer protection and predatory lending. VA works closely with other Federal agencies, such as CFPB and Ginnie Mae, to curb predatory lending behavior, including misleading advertising. VA also routinely partners with CFPB to issue consumer warning orders specifically tailored to Veterans and VA's Home Loan program. Additionally, VA submits an annual report to Congress that examines guaranteed refinancing loans, whether Veterans are informed of the risks and disclosures associated with such refinancing loans and whether advertising materials for refinancing loans are clear and do not contain misleading statements or assertions. See Economic Growth, Regulatory Relief and Consumer Protection Act, P.L. 115-174, § 309(d).

Although the report required under section 3 of this bill would be more encompassing than VA's current annual report on consumer protection and predatory lending, VA believes there would inevitably be redundancy and overlap with the current reporting requirements. VA does not believe that this would be the most valuable use of VA's or Congress's resources. VA recommends instead a solution where VA would be able to offer one annual report to Congress on the topics of consumer protection and predatory lending.

VA believes there would likely be Government operating expenses, including information technology (IT) costs, associated with this bill; however, VA cannot provide a cost estimate at this time.

VA is, as noted above, is already developing the capability to receive additional data elements on VA-guaranteed loans. Some of these additional data elements would correspond to those in section 2. Should VA be required to begin reporting on these data elements upon enactment of the bill, additional full-time employee equivalent and IT resources would be required to accelerate the current development timeline. Regarding the remaining data elements, meaning those that are not currently scoped for VA development and collection, VA would need to begin immediate development for collection and publication. Due to our larger concerns about the bill, VA believes that additional discussion with the Subcommittee would be necessary before VA could estimate costs with some degree of confidence.

Conclusion

This concludes my statement. We would be happy to answer any questions you or other Members of the Subcommittee may have.